

December 17, 2010

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President, Association of Building, Mechanical
and Electrical Inspectors

LaVerne Washington
President, Confidential Employees'
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Yolanda Cruz
President, Municipal Employees' Federation

Linda Dittes/Charles Allen
Business Agent, Municipal Employees'
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John Mukhar
President, Association of Engineers and
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Dale Dapp
President, Association of Maintenance
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Bill Pope
Business Representative, Operating
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Nancy Ostrowski
Senior Business Representative, Association
of Engineers and Architects, IFPTE, Local 21

Cay Denise MacKenzie
President, City Association of Management
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Sal Ventura/Dan Rodriguez
Business Agent, International Brotherhood of
Electrical Workers, Local No. 332 (IBEW)

Bill Clark
President, Association of Legal Professionals

RE: Retirement Negotiations

As you know, the City is again facing a significant budget shortfall for Fiscal Year 2011-2012. On November 18, 2010, at a Special Council meeting, the City Council approved the following direction for labor negotiations. As noted at the Council meeting negotiations over these items are subject to the meet and confer process.

- Total Compensation Reduction
- Sick Leave Payout Reform
- Compensation Structure Reform
- Retirement Reform

In addition to this direction, the City Council also approved guiding principles for labor negotiations. More detailed information regarding these guiding principles can be found at http://www.sanjoseca.gov/clerk/Agenda/20101118/20101118_0303a1sup.pdf.

This letter is specifically regarding retirement negotiations. Pursuant to the current agreement we have with many of you, it is mutually agreed that the first meeting of the parties will be held

no later than fifteen (15) calendar days after the City or bargaining unit receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

For negotiations on retirement benefits, we would like to know if the bargaining units who represent employees in the Federated City Employees' Retirement System are interested in using a coalition bargaining structure. Please let us know by January 5, 2011, if you are interested in using this structure.

In the event you are interested in coalition bargaining for retirement benefits, the City would like to meet with you in order to determine whether we can reach an agreement to conduct negotiations in a coalition setting, including agreement on ground rules.

In the event some or all bargaining units are not interested in coalition bargaining, please let us know and we will commence bargaining on retirement benefits with those individual bargaining units. Please note that once individual bargaining commences, the City would not be interested in coalition bargaining at a later date for these negotiations.

Given the significant issues that we will be discussing in negotiations, we would like to begin as early as possible in January. We propose that the first meeting, either in a coalition setting to discuss ground rules, or individually with each bargaining unit to commence bargaining, occur the week of January 10th. Since it will be our first meeting, we propose scheduling the meeting for two hours. Please let us know your availability during the week of January 10th.

Should you have any questions, please let me know.

Sincerely,



Alex Gurza
Director of Employee Relations

c: Gina Donnelly, Deputy Director of Employee Relations